

The New SBALowDoc

Streamlined for success!

Quicker SBA turnaround

Easier one-page application

The New SBALowDoc -

- further streamlines the making of small business loans.
- increases the maximum loan amount to \$150,000.
- calls for a response from the SBA within 36 hours of receiving a complete application. Count on it!
- allows for an SBAGuarantee of up to 80 percent for loans up to \$100,000, and up to 75 percent for loans between \$100,000 and \$150,000.
- LowDoc was launched as a pilot program in 1993 to simplify the loan application process for small businesses. The New SBALowDoc is even quicker and easier.

How It Works

Once a small business borrower meets the lender's requirements for credit, the lender may request a LowDoc guaranty from the SBA. It's a quick, two-step process:

- The borrower completes the front of the SBA's one-page application, and the lender completes the back.
- The lender submits a complete application to the SBA and receives an answer

within 36 hours.

The New SBALowDoc allows lenders to take advantage of electronic loan processing.

Interest Rates

Interest rates can be negotiated between the borrower and lender, may be fixed or variable, are tied to the prime rate (as published in the Wall Street Journal), and may not exceed the following SBAmaximums:

- 2.25 percent over prime for loans of less than seven years, and
- 2.75 percent over prime for loans of seven years or longer.
- Loans under \$50,000 may be subject to slightly higher rates.

Collateral

- To secure the loan, the borrower must pledge available assets; generally, loans are not declined when inadequate collateral is the only unfavorable factor.
- Personal guaranties of the principals are required.

Maturity

Length of time for repayment depends on -

- ability to repay, and
- the use of the loan proceeds.
- Maturity generally is five to 10 years. For fixed-asset loans it can be up to 25 years.

Eligibility

A business is generally eligible for the New SBALowDoc if -

- the purpose of the loan is to start or grow a business;
- the existing business has average annual sales for the preceding three years not exceeding \$5 million, and the business employs no more than 100 people, including affiliates;
- the business and its owners have good credit; and the business owners are of good character.

For More Information

The SBA has offices located throughout the United States. For the one nearest you, look under "U.S. Government" in your telephone directory, or call the SBA Answer Desk at 1-800-U-ASK-SBA. To send a fax to the SBA, dial 202-205-7064. For the hearing impaired, the TDD number is 704-344-6640. For information on your rights to regulatory fairness, the telephone number is 1-800-REG-FAIR.

To access the agency's electronic public information services, you may contact:

SBA OnLine: electronic bulletin board - modem and computer required

1-800-697-4636 (limited access)

1-900-463-4636 (full access)

202-401-9600 (D.C. metro area)

U.S. Business Advisor: www.business.gov

For a free copy of The Resource Directory for Small Business Management, a listing of for-sale publications and videotapes, call your local SBA office or the SBA Answer Desk.

All of the SBA's programs and services are provided to the public on a nondiscriminatory basis.